

C1575-2
10/12/89 A

automotive **FLEET**

CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

SPECIAL REPORT:

**Auction Fleet
Remarketing**

Anglo American's
Mike Richardson

**'89 Models & Warranties
Tire & Wheel Options
Increasing Residuals
Maintenance ABCs
Used-Car Survey**

automotive FLEET

CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE



OCTOBER 1988
VOL. 27, NO. 12

Influencing the management of
4,720,000 cars and 2,000,000 light trucks
and vans in business, leasing, rental,
utility, government, police and taxi fleets.

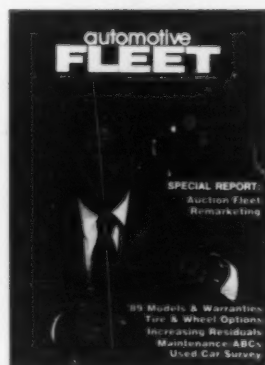
Features



p. 25



p. 54



On the cover: Mike Richardson, president and CEO of Anglo American Auto Auctions, discusses the state of the auction industry and the fleet consignment market. Special report starts on page 69.

25 What's New for 1989

A model-by-model rundown of passenger cars by make.

36 New-Car Warranty Roundup

The 1989-model year brings the most extensive warranties in history.

52 1989 Fleet Incentives from Mitsubishi, VW

Here's the latest fleet program announcements for 1989.

54 Specifying Styled Wheels

Styled wheels can increase resale value and deter theft.

62 Fleet Maintenance and Repair Methods

An examination of in-house and out-of-house maintenance programs.

69 SPECIAL REPORT: Fleet Remarketing Through Auctions

- An Interview with Anglo's Mike Richardson
- Anglo American's Sales Management Team
- Auction Managed Fleet Plan
- Why are Auction Consignments Increasing?
- Tracing Consigned Units: A Step-by-Step Process
- U-Haul Turns To Auctions To Rotate Fleet
- Tips on Reconditioning

90 The Growth of the Cellular Phone Market

The number of car phones in operation in the U.S. is 1.5 million.

102 Increasing Used-Car Residual Values

A roundtable discussion stresses how to maximize resale dollars.

112 Alachua County Fleet Management Department

This Florida fleet maintains 444 vehicles.

120 NAFA's 1988 Used-Vehicle Marketing Survey

This year's results say fleets are keeping vehicles in service longer.

128 A Restructuring Campaign for American International

AI is committed to providing the best car-rental service.

132 ARI Marks 40 Years in Leasing

This lessor's portfolio has grown from 75 vehicles to over 75,000.

Truck Section

141 Penske, GE Capital Establish Truck Leasing Firm

The new operation controls more than 54,000 vehicles.

142 Manufacturers Vie For Commercial Truck Market

Competition is heating up in this segment.

146 Pickups with a Gem Top Bring Higher Savings

A recent comparison pitted pickups versus vans.

Departments

Letters	11	Used Car Prices	162
Industry News	12	New Products	168
Hotline	21	Classified	170
Light Truck/Van News	148	Gas Prices	171
Personnel Personals	155	Calendar	171
Leasing	158	Ad Index	171
Rental	161	Editorial	172

AUTOMOTIVE FLEET® (ISSN 0005-1519) is published 13 times a year by Bobit Publishing Company. The contents of this publication may not be reproduced either in whole or in part without consent of Bobit Publishing. Please address ALL correspondence to the Editorial and Executive Offices at 2512 Artesia Boulevard, Redondo Beach, California 90278. Subscription Prices — United States \$24 per year, \$40 for two years, Canadian \$32 per year, \$60 for two years, International \$60 per year, \$100 for two years. Single copy price — \$2.00. Fact Book — \$25. Number of cars operated and services must accompany the order. Second Class postage paid at Redondo Beach, California 90277-9998 and at additional entry Postmaster. Send address changes to Automotive Fleet, 2512 Artesia Boulevard, Redondo Beach, California 90278. Bobit Publishing also publishes Business Driver, Fleet Financials, Installation News, Metro, School Bus Fleet, Limousine & Chauffeur, Contemporary Gastroenterology, Contemporary Orthopaedics, Contemporary Surgery, Waterbed, Showcase, Salon Trends, and Yankee Trader.

MAINTENANCE

Among options for vehicle repair, managers of utility and government fleets mostly utilize in-house facilities, while business fleets spread the work out among independent garages, dealerships, and national service accounts.

Fleet Maintenance and Repair Methods

In a recent survey focusing on methods fleets were utilizing to service their vehicles, nearly 200 fleet managers were asked questions regarding out-of-house maintenance options, in-house maintenance facilities, and in-house mechanics. The study by *Runzheimer International* surveyed business, utility, and government fleets.

Of the respondents to the survey, 49 percent manage business fleets, 35 percent administer government fleets, and 16 percent supervise the operations of utility fleets. The average fleet of respondents consists of 776 vehicles (Table 1). According to the survey, utility fleets average

the highest number of vehicles—1,183—and their fleet profiles are comprised of the greatest ratio of light-duty trucks and specialty vehicles (72 percent). Contrasting that fact, business and government fleets consist mainly of cars and minivans.

Service Alternatives

According to the survey, 94 percent of government fleets and 87 percent of utility fleets utilize the services of an in-house maintenance shop (Table 2). However, only 40 percent of business fleets have in-house facilities at their disposal for repair and maintenance work.

A number of alternatives to serv-

icing fleet vehicles in-house do exist for fleets. Two of these alternatives are dealerships and independent garages. Table 2 also points out that a rather large percentage of each type of fleet use both of these options. In addition, 52 percent of business fleets, who in many instances do not have in-house facilities, utilize the maintenance services of national service accounts, while only two percent of the government fleets and none of the utility fleets use this method.

Of fleets that utilize dealerships, a greater percentage send vehicles to them for warranty work only, but many have non-warranty work per-

**Average Number of Vehicles in Fleets of Respondents
By Types of Fleets and Vehicles**

	Business	Utility	Government	All Respondents
Cars and Minivans	355	322	380	368
Light Trucks	95	526	220	226
Other Vehicles	87	335	197	182
Total Number of Vehicles	537	1,183	797	776

Source: Runzheimer

Table 1

MAINTENANCE

Where Vehicles Are Serviced*

	Business	Utility	Government
In-house Repair	40%	87%	94%
Independent Garages	61%	83%	57%
Dealerships	56%	35%	33%
National Service Accounts	52%	0%	2%
Others	4%	4%	12%

*Total exceeds 100% because of multiple answers.

Source: Runzheimer

Table 2

formed at dealerships also. Often times, this non-warranty service involves recall work and electric diagnostic work specified by the manufacturer.

An independent garage is another alternative for fleets. Radiator, transmission, and exhaust system repairs are some of the services fleets choose to have done at independent facilities rather than in-house.

In-house vs. Out-of-house

Of fleets with such facilities, in-house vehicle maintenance is most abundant among utility fleets. According to Table 3, utility fleets service an average of 431 vehicles in-house per month, followed by government fleets with 375 vehicles per month, and business fleets with 176 vehicles per month. On the flip side, business fleets service the most vehicles out-of-house per month. Table 4 reveals that business fleets service an average of 92 vehicles per month at out-of-house maintenance facilities, followed by government fleets, which utilize out-of-house maintenance sites for an average of 67 vehicles per month. Utility fleets tab out-of-house repair shops for an average of only 45 vehicles per month.

Average Number of Vehicles Serviced In-House Per Month by Type of Fleet

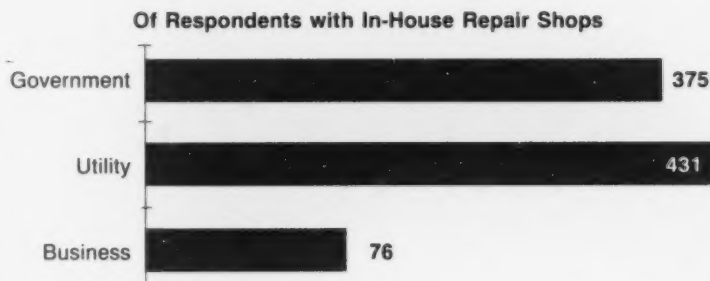


Table 3

Average Number of Vehicles Serviced Out-of-House Per Month by Type of Fleet



Table 4

MAINTENANCE

**Number of Mechanics Employed In-House
By Type of Fleet**

	<u>Average</u>	<u>Fewer than 10</u>	<u>11-25</u>	<u>26-50</u>	<u>over 50</u>
Business	11	77	11	8	4
Utility	43	20	25	30	25
Government	17	62	13	19	6

Source: Runzheimer

Table 5

(Text continued on page 68.)

How to Run a Safe Maintenance Shop

Maintenance shop accidents and their resulting downtime can be prevented through good housekeeping and well-maintained tools. A clean shop is safe, efficient, and economical to operate. Here are several tips on tool care that can help keep the shop safe.

- Keep tools clean. Clean tools are easier and safer to use, because they aren't as likely to slip from a technician's hand.
- Keep edged tools sharp. Fewer accidents result from sharp tools than dull ones. Screwdrivers, for example, should have rounded tips ground square.
- Check electrical tools before each use to make sure wiring is intact and housings are intact and grounded. Electrical tools that have the grounding blade on the plug removed are dan-

gerous. If these tools need repair, make the repairs properly.

- Check extension cords and work lights to make sure insulation and plugs are intact. Only hazardous-service work lights should be used, and all cords should be grounded. Protect wiring and cords from moisture, especially during use.
- Do not use electrical tools near water or where fluids can run over them. Double-insulation or grounding may protect the tool from fluids, but won't guarantee the operator's safety.
- Check air tools, air hoses, and couplings before each use. Hoses can deteriorate rapidly from contact with petroleum products. Couplings that loosen or wear out can cause air

hoses to whip around dangerously.

- Inspect air compressors regularly, paying close attention to drive belts, protective guards, and enclosures.
- Use tools properly. Don't substitute a heavy tool for a hammer or a screwdriver for a pry bar. Tool "helpers," such as a piece of pipe over a wrench handle for increased leverage, can damage nuts and fasteners, resulting in time lost and possible accidents.

In addition to proper tool care, wear protective clothing and eye shields if the job requires them, and follow safety procedures in the shop. A safely-operated shop will increase employee productivity, reduce downtime, and reduce insurance premiums.

Source: Runzheimer Reports on Fleet Maintenance & Safety.

When your cars are in the shop, they're not the only thing out of commission.



With Snappy, you can keep your company up and running even when the company cars are down and out. We deliver great rates, a customized national replacement program, and free delivery and pickup from our 260 offices coast to coast. Choose from our wide selection of clean, current-model cars, from compact to luxury.

At Snappy it's our business to keep you in business. Call us with all your fleet replacement needs, short term or long term. We're committed to keeping your cars and your people in commission. Call Snappy's Corporate Account office today at 1-800-669-5252.

SNAPPY
CAR RENTAL
We deliver more!

We feature fine Ford cars.

Circle 125 on Inquiry Card

MAINTENANCE

Average Monthly Vehicle-to-Mechanic Ratio by Type of Fleet

Vehicles/Mechanic	
Business	16
Utility	10
Government	22

Source: Runzheimer

Table 6

Utilizing Mechanics

Of fleets with in-house repair shops, utility fleets average the most mechanics — 43. Government and business fleets with in-house repair facilities average far fewer mechanics, 17 and 11, respectively (Table 5). According to the survey, 25 percent of the utility fleet respondents employ more than 50 mechanics, while only four percent of business fleets and six percent of government fleets have mechanic crews of that size. The majority of business fleets (77 percent) and government fleets (62 percent) employ fewer than 10 mechanics at their in-house repair sites.

In order to get an indication of the average number of vehicles serviced per mechanic at in-house repair facilities, the average number of fleet vehicles was divided by the average number of mechanics (Table 6). Results show that government fleets work on an average of 22 vehicles per month. Business fleet mechanics service 16 vehicles a month, while utility fleet mechanics handle 10 vehicles per month. Note: Because utility fleets have a relatively large amount of specialty vehicles, mechanics who service these vehicles generally require special training. Additionally, since these vehicles tend to operate under more extreme conditions than do typical fleet vehicles, they tend to have a greater ratio of downtime. AP

CAR PHONES

Five years ago this month, the first cellular phone system started operating in Chicago. Improving technology and greater affordability have helped markets emerge nationwide, serving approximately 1.5 million cellular phones.

The Growth of the Cellular Phone Market

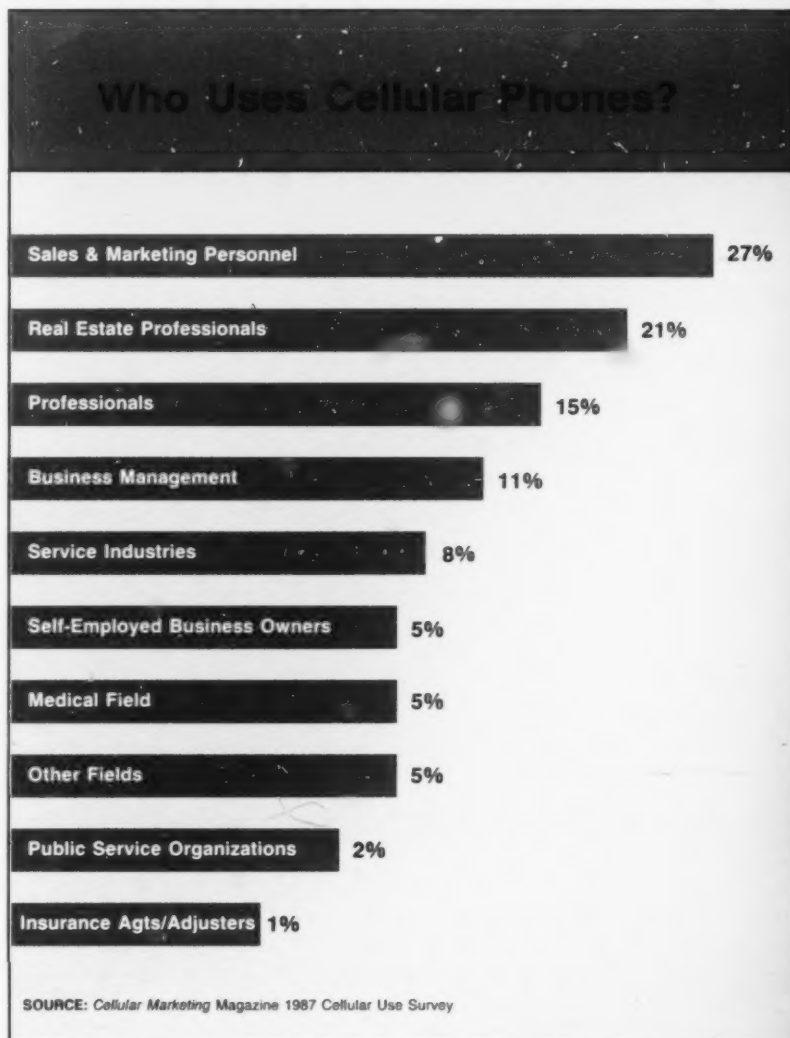
Since the first commercial system became operational in Chicago in October 1983, cellular phone systems have emerged at a startling rate.

By 1985, the 100th commercial cellular phone system had begun service in the U.S., and by 1986, the 200th system started operations. Currently, 306 cellular markets in the U.S. serve approximately 1.5 million cellular phones. This compares to nearly 800,000 units believed to be operating at the end of 1987.

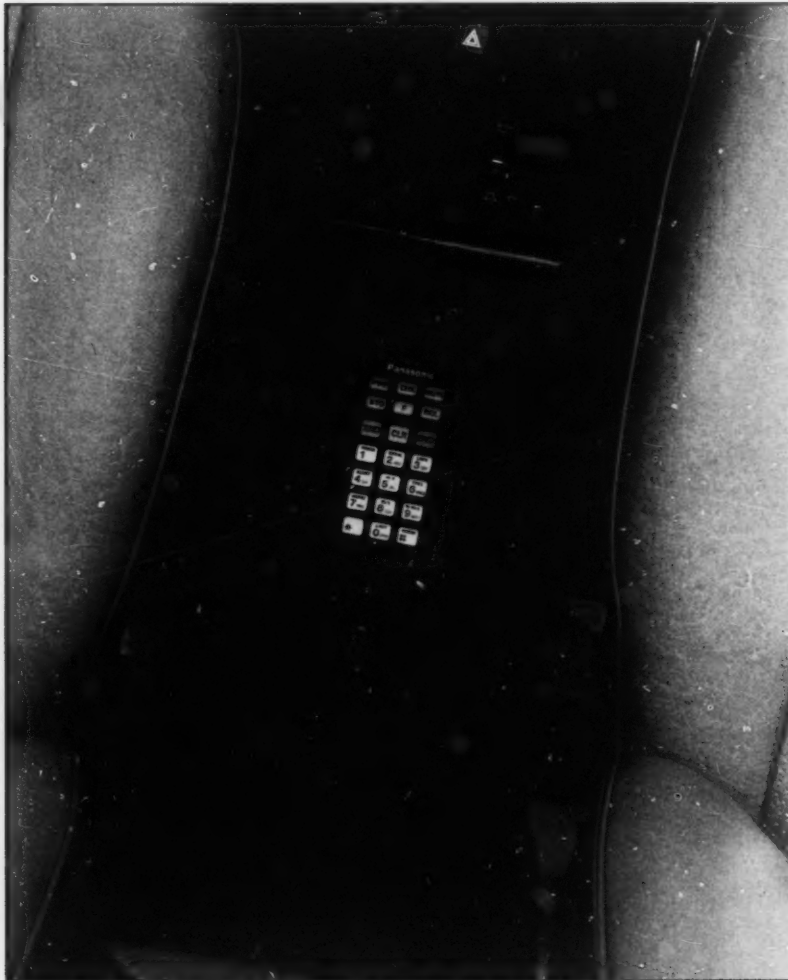
Industry experts say increasing affordability is a main reason behind today's 60,000-unit-per-month rate of growth for cellular phones. While a cellular phone once cost as much as \$3,000, prices have tumbled. A car phone can now be purchased for as little as \$500.

The advent of cellular phones can also be attributed to their growing popularity in the business world; they are no longer just luxuries for the affluent. According to *Cellular Marketing* magazine's 1987 Cellular User Survey of 1,000 cellular phone users, sales and marketing personnel made up 27 percent of the cellular phone network, and management personnel comprised another 11 percent of the cellular phone user force (See chart at right).

Equipping a national fleet with



CAR PHONES



Since the average fleet driver spends approximately 660 hours per year behind the wheel of his or her vehicle, unproductive driving time can be better utilized with the assistance of a car phone.

mobile communications capabilities is not simple. Each city has its own cellular system or systems, and they are operated individually. Coordination between the cellular supplier, the network operators, and the fleet manager is essential to a smooth and efficient operation of cellular phones in a company fleet.

Cellular Technology

A metropolitan area has a certain number of "cells", each with its own radio transmitter. The transmitters relay cellular phone calls from one cell to another as callers drive between them. The main link that transmits calls between cells is

a Mobile Telephone Switching Office (MTSO)—a central cellular control computer. MTSOs monitor the strength of the signal between the cellular telephone and the transmitter and then instantly decide when and if the call should be passed along to another transmitter.

The MTSOs connect a cellular network to the regular telephone system, enabling cellular phone users to call anywhere in the world. Cellular phones can be operated anywhere in the U.S. that has a cellular network. A cellular user in another area is known as a "roamer." Practically all cellular companies have agreements with one

another to allow for such "roaming" and have the charges appear on the customer's regular cellular telephone bill. However, because different cities are served by different cellular phone companies, special arrangements may have to be made with the cellular carrier, or a credit card may have to be used.

Affordability

One reason the popularity of cellular phones has grown since 1983 is that prices have decreased. Every major city has at least two cellular transmission systems, not to mention numerous equipment dealers. It is because of this competition that cellular phone usage is becoming more practical and affordable. For fleet managers who may be contemplating cellular phones for sales, marketing, and management personnel, several considerations should be made. First, how many units will be needed? While the price of individual phones has dropped to well below \$1,000 each, a bulk order will be more cost-efficient. In addition, cellular phone prices vary according to features. What features should a phone have? According to the survey conducted by *Cellular Marketing*, the features considered most important to cellular users are number memory, alphanumeric readout, and last number redial.

Along with the cost of the hardware itself, a fleet manager will have to monitor a billing statement that includes a monthly charge for service, charges for air time by the minute (about 30 cents per minute), and long-distance toll charges.

Increasing Productivity

According to the results of the *Cellular Marketing* survey, almost 90 percent of the respondents indicated their productivity had increased since acquiring a cellular phone, a figure slightly higher than the prior year's survey. Also, when cellular customers were asked if their productivity had improved as much as they thought it would, 74

CAR PHONES

percent responded that it had, compared to 66 percent from the previous year.

Convenience of use is also a benefit to businesspeople with cellular phones. Relatively no training is necessary to become familiar with the use of cellular phones. All that is required is a knowledge of how your individual unit operates, which is usually as simple as memorizing which buttons control redial and memory. Since the average fleet driver spends approximately 660 hours per year behind the wheel of his or her vehicle, unproductive driving time can be better utilized with the assistance of a car phone.

Safety

Considering the amount of time fleet drivers spend in their cars, safety must always be important. Will a cellular phone be a distraction to a driver? Just as a speaker-phone allows "hands-free" phone operation in one's office, a speaker-equipped car phone essentially does the same thing. Almost all cellular phones have optional speaker capabilities allowing "hands-free" operation inside the vehicle. This feature, together with stored phone numbers and memory redial, can assist a driver in the safe operation of his or her vehicle while using a cellular phone.

While the safe operation of a vehicle during the use of a cellular phone is important, another safety-related benefit of cellular phones is their usage in emergency situations. Many cellular telephone companies coordinate programs with local public safety organizations. Some of the programs include charge-free calls to 911 emergency dispatchers to report highway and other roadway accidents, traffic congestion, and providing communications between stranded motorists and emergency service agencies.

Choosing Equipment

For a fleet manager who is considering the installation of cellular

phones in company vehicles, there are basically four types of cellular mobile phones to choose from. First, and most likely of the four for fleet usage, are car phones designed to be wired and installed inside a vehicle. Second, there are battery-powered briefcase phones which provide portability away from the vehicle. There also are "portables" that are much lighter and more versatile than briefcase models. Lastly, there are hand-held phones which resemble walkie-talkies and come equipped with small battery packs.

The car phone would seemingly be the most practical type of cellular phone in fleets. It has virtually limitless power and a very strong signal, plus the driver can use the phone in the privacy of his or her vehicle between appointments.

The briefcase model is simply a cellular phone inside a briefcase. It features an eight-hour battery with enough power to transmit 90 minutes of calls. The drawback of

the briefcase model is its weight—between 22 and 24 pounds.

The transportable unit, while not as attractive as the briefcase model—it has no carrying case, just a shoulder strap—offers more versatility and convenience. It is noticeably lighter (about 10 pounds) and has the ability to convert back and forth from car phone to field phone. This is possible because of a modular design which allows the phone to be unhooked from the car and fitted onto a portable battery component. A transportable is capable of the same high-power transmission outside the car as it does inside. Transportable phones generally come with four-hour batteries capable of transmitting 60 minutes of continuous calling.

The most portable, lightweight cellular phone is the hand-held model, weighing only two to three pounds. These units only have 30-minute batteries, however, and recharging is needed after every 30-minute calling period. AF

Case Study

Use of cellular phones by company fleets is growing rapidly, according to Mark Bell, national sales manager for US West Cellular. In a speech at the International Mobile Communications Expo in Las Vegas last April, Bell pointed out that fleets currently represent an estimated 50,000 subscribers. Over the next five years, Bell said, this figure is expected to increase to as high as one million.

One company that has recently begun using cellular phones in its fleet vehicles is Wilmington, DE-based DuPont. Don Eastburn, DuPont's fleet manager, says that about a year and a half ago salespeople began purchasing or leasing cellular phones for use in their company cars. The company reimbursed the employees for the expenses of the phones, then undertook a detailed study to de-

termine if a fleet-wide cellular program would be cost-beneficial. According to Eastburn, the study showed that equipping DuPont's approximately 4,000 company vehicles with cellular phones would cost around \$1 million.

Based on estimates of return of \$14 million, DuPont began installing cellular phones for field salespeople. As of now, about half of the fleet is cellular, and Eastburn hopes to be completely cellular by early Spring 1989. "We are finding that the phones are valuable sales tools," says Eastburn, "and they give our salesforce a more professional edge in the marketplace."

Eastburn says that productivity has increased 10 to 15 percent since the cellular program began, and driver feedback has been "100 percent positive."

SURVEY

This year's findings reveal that commercial fleets are keeping their vehicles in service longer in terms of both time and mileage, compared to 1987. Fleet disposal and reconditioning results are also discussed.

NAFA's 1988 Used-Vehicle Marketing Survey

The National Association of Fleet Administrators' 1988 Used-Vehicle Marketing Survey drew responses from 185 U.S. commercial fleets and 83 government and public utility fleets. Altogether, the responding U.S. commercial fleets control 183,956 vehicles: 88,308 company-owned vehicles and 95,648 leased vehicles.

According to the survey results, commercial fleets are keeping their vehicles in service longer in terms of both time and mileage, compared

to 1987. This continues a trend begun in 1986. In 1988, fleets reported they kept vehicles operating an average of 32 months or 64,540 miles. In 1987, the average was 31 months or 64,356 miles, and in 1986, fleets kept vehicles an average of 30.2 months or 61,029 miles.

Contrary to this trend, however, nearly three-quarters of the fleets said they did not plan to change the length of time vehicles are kept in service. In fact, of the 68 fleets plan-

ning a change, nearly half said they would decrease both the months and miles vehicles are kept in service.

When asked last year what their replacement policies would be for 1987/1988, respondents said vehicles would remain in use an average of 40 months/65,808 miles and 45 months/64,740 miles, respectively. When asked that same question this year, respondents reported an average of 36 months/59,318 miles and 36 months/63,109 miles. The fleets predicted their replacement policies

U.S. Fleets	Average Age of Vehicles Sold (1987) Months	Average Mileage of Vehicles Sold 1987	Written Replacement Policies Months/Miles			
			1987	1988	1989	1990
Drugs & Cosmetics	28	52,887	33/56,423	35/54,500	34/54,850	34/54,850
Food & Beverage	28	57,254	36/56,923	37/57,400	37/56,364	37/56,364
Insurance	30	53,484	33/55,346	32/54,673	33/54,150	33/54,150
Chemical & Petroleum	38	79,515	43/67,802	44/69,631	46/69,733	46/66,759
Industrial Manufacturing	30	63,290	35/57,983	35/58,135	36/58,075	36/57,974
Consumer Manufacturing	28	58,138	33/56,538	33/58,077	32/57,222	32/57,222
Banking/Financial	40	59,950	38/56,700	37/56,200	37/55,778	37/58,375
Communications	36	67,392	45/64,444	48/61,500	50/62,222	50/64,375
Service Organizations	31	73,144	35/63,438	37/68,511	30/62,500	30/62,500
Electronics	24	40,512	24/56,667	28/58,333	36/60,000	36/60,000
Other	34	61,486	36/66,667	37/66,667	38/70,714	39/72,143
(Avg. Total U.S. Commercial Fleets)	(32)	(64,540)	(36/59,318)	(36/63,109)	(36/59,121)	(37/59,251)
Government	60	85,127	64/80,643	64/80,258	64/80,903	64/80,433
Public Utility	75	86,286	63/75,658	61/74,615	61/74,615	61/74,615

Table 1

SURVEY

...U.S. commercial fleets are driving more miles in fewer months than previous years and are, therefore, disposing of their vehicles sooner.

for 1989 and 1990 would be 36 months/59,121 miles and 37 months/59,251 miles, respectively.

To summarize the data, U.S. commercial fleets are driving more miles in fewer months than previous years and are, therefore, disposing of their vehicles sooner.

Auto auctions were the most common method commercial fleets used to dispose of vehicles, sales to em-

ployees were second, and sales to wholesalers third. These rankings have been the same for the past three years.

For the second straight year, the majority of fleet managers said they use *Automotive Market Report* to set prices of vehicles sold to employees.

Last year, commercial fleets disposed of more than 21,000 pre-1983-model year vehicles, 20,156

1986-model year vehicles, and 16,119 1983-model year vehicles. Less than 15 percent of the surveyed commercial fleets reconditioned vehicles prior to disposal.

Government and Utility Fleets

The NAFA survey drew 83 responses from U.S. government and public utility fleets responsible for 128,197 company-owned vehicles and 5,842 leased vehicles.

These fleets increased the length of time they kept their vehicles this year, according to the survey. In 1986, government fleets held their vehicles, on the average, for nearly 64 months. This figure fell to 55 months in 1987. This year, it is back up to an average of 60 months. Public utility fleets kept their vehicles an average of 66 months in 1986; 61 months in 1987, and 75 months in this year's survey.

Government fleets continued a

U.S. Fleets	% Planning Change in Length Vehicles Kept in Service	Of % Planning Change	% Planning Increase in Months and Miles Vehicles Kept in Service	% Planning Decrease in Months and Miles Vehicles Kept in Service	% Planning Increase Miles/ Decrease Months or Decrease Miles/ Increase Months
Drug & Cosmetics	29.4%		0	40.0%	60.0%
Food & Beverage	6.7%		0	100%	0
Insurance	26.7%		75.0%	25.0%	0
Chemical & Petroleum	33.3%		50.0%	50.0%	0
Industrial Manufacturing	28.1%		11.1%	55.6%	33.3%
Consumer Manufacturing	7.1%		0	0	100%
Banking/Financial	28.6%		75.0%	25.0%	0
Communications	16.7%		0	100%	0
Service Organizations	40.0%		50.0%	33.3%	16.7%
Electronics	20.0%		100%	0	0
Other	30.8%		50.0%	50.0%	0
(Avg. Total U.S. Commercial Fleets)	(25.4%)		(40.4%)	(42.%)	(17.0%)
Government	40.7%		38.1%	57.1%	4.8%
Public Utility	10.3%		0	100%	0

Table 2

SURVEY

Almost 60 percent of government fleets reported that they will change their replacement policies to reduce both the months a vehicle is held and the mileage it is driven.

downward trend in the average number of miles on a vehicle. Public utility fleets showed an increase in total average mileage for the third consecutive year.

This year, on the average, government fleets disposed of vehicles after 85,127 miles. Last year they averaged 91,679 miles. This trend should continue next year, the survey said.

Almost 60 percent of government fleets reported that they will change their replacement policies to reduce both the months a vehicle is held and the mileage it is driven.

When asked their specific replacement policies for upcoming years, however, government fleet managers said they will keep vehicles an average of 64 months — which is higher than this year's average —

and 80,668 miles — which is less than this year's average.

The opposite is true for public utility fleets. In 1986, their vehicles averaged 78,550 miles before they were replaced. In 1987, these fleets kept their vehicles an average of 86,286 miles. These fleets kept vehicles an average of 66 months in 1986, 61 in 1987, and 75 this year. Only 10 percent of these fleets plan a change in their replacement policies for 1989. However, all who are planning a change said they will keep vehicles fewer months and fewer miles.

Most of the vehicles sold by responding U.S. government and public utility fleets were pre-1983 models. Most of these vehicles were sold through auctions. Nearly 30 percent of government fleets and 14 percent of utility fleets reconitioned vehicles prior to disposal.

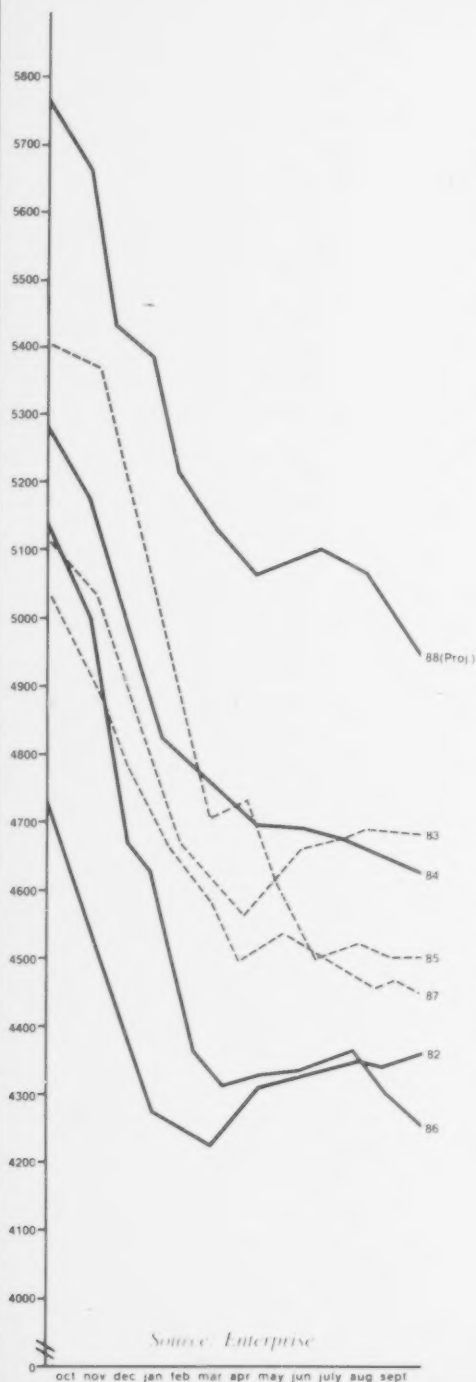
What source is used to determine prices of vehicles sold to employees?

U.S. Fleets	NADA	AMR	Independent Wholesaler	Black Book	Blue Book	Red Book	Retail Market	Your Book Value	Leasing Company Adjustment	Other	Recondition Vehicles Before Selling Them
Drugs & Cosmetics	18.8%	37.5%	0	6.3%	18.8%	6.3%	0	18.8%	37.5%	6.3%	7.6%
Food & Beverage	14.3%	85.7%	7.1%	7.1%	14.3%	0	0	28.6%	7.1%	7.1%	20.0%
Insurance	37.0%	51.9%	3.7%	14.8%	7.4%	3.7%	7.4%	14.8%	11.1%	7.4%	0
Chemical & Petroleum	42.9%	71.4%	7.1%	14.3%	0	0	14.3%	14.3%	14.3%	7.1%	16.7%
Industrial Manufacturing	33.3%	70.0%	3.3%	6.7%	3.3%	0	6.7%	23.3%	16.7%	13.3%	6.3%
Consumer Manufacturing	14.3%	71.4%	14.3%	7.1%	7.1%	0	0	28.6%	14.3%	14.3%	28.6%
Banking/Financial	62.5%	50.0%	25.0%	37.5%	25.0%	0	12.5%	37.5%	12.5%	25.0%	35.7%
Communications	0	37.5%	0	12.5%	25.5%	0	0	0	25.0%	0	25.0%
Service Organizations	25.0%	33.3%	0	8.3%	33.3%	0	0	25.0%	33.3%	0	13.3%
Electronics	0	40.0%	20.0%	0	0	0	0	40.0%	20.0%	60.0%	20.0%
Other	50.0%	33.3%	25.0%	16.7%	8.3%	0	0	33.3%	16.7%	16.7%	7.7%
(Avg. Total U.S. Commercial Fleets)	(29.4%)	(56.3%)	(7.5%)	(11.3%)	(11.3%)	(1.3%)	(4.4%)	(22.5%)	(18.1%)	(11.3%)	(14.6%)
Government	0	0	0	0	50.0%	0	0	0	100%	100%	29.6%
Public Utility	33.3%	16.7%	8.3%	16.7%	16.7%	0	0	33.3%	16.7%	25.0%	13.8%

Table 3

SURVEY

Used-Car Market Past, Present and Future



Model Year	New Car Cost/Avg.	Used Car Value/Avg.	Percent Relation
------------	-------------------	---------------------	------------------

89 (Proj)	\$10,482	\$ 5,147	49.1%
88	\$10,378	\$ 5,106	49.2%
87	\$ 9,815	\$ 4,588	46.7%
86	\$ 9,657	\$ 4,575	47.4%
85	\$ 9,234	\$ 4,701	50.9%
84	\$ 8,984	\$ 4,838	53.8%
83	\$ 8,717	\$ 4,742	54.4%
82	\$ 8,690	\$ 4,449	51.2%

Description Used Car Market

New car pricing, predicted to be stable for 1989, should flatten the used car market early in 1989. Well-equipped vehicles with lower mileage should be able to stand above the market.

Even though the factors that have strangled the market for the last three years are still present, the market did show some strength towards year end.

The used car market began to show some modest strength with the weakening of new car sales. However, continued below-market factory new car financing and federal odometer law enforcement continued to impact late model, high mileage used vehicle values.

Four factors—modest new car price increases, factory rebates and finance incentives, extended new car financing and federal odometer law enforcement—had a negative impact on the used car market.

The flat market that began with increased new car sales in spring of '83 continued throughout the entire year. More aggressive enforcement of odometer laws, media coverage of odometer law offenders and new car extended month financing and the continued strength of new car sales contributed to the continued flat market.

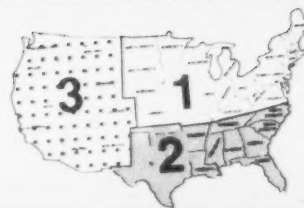
The strength of the used car market began to diminish with the increase in new car sales. With the increase in new car sales, there were fewer used car buyers and more used cars available. High mileage cars were hit particularly hard because of increased state compliance with federal odometer laws, increased federal investigations and media exposures.

The overall economy began showing positive signs in the spring. New car sales picked up in the spring because of reduced interest rates (10-12%) and reduced price of gasoline (\$1.15/gal.). The overall used car market was strong except for an extreme decline between late November and late January. Large cars were in greatest demand.

After a strong summer and fall, the depressed economy and lack of used car financing funds finally affected the used car market. As gasoline prices declined, in some cases to less than \$1.00/gal., the market for smaller cars softened, while the demand for larger cars increased.

USED CARS

The following are average used-car prices for the period ending September 7, 1988. Prices are based on wholesale activity at major dealers across the country. They are divided into three zones as indicated on the accompanying map. These averages are calculated electronically in IBM machines. They are based on clean cars only. Proper allowance should be made for upgrading sharp cars and proper deduction taken for fair cars. Automatic transmissions have been included in the averages of all models. This information is published in *Automotive Fleet* by special permission of Automotive Market Report.



AVERAGE AUCTION PRICE				AVERAGE AUCTION PRICE				AVERAGE AUCTION PRICE			
Model	Zone 1	Zone 2	Zone 3	Model	Zone 1	Zone 2	Zone 3	Model	Zone 1	Zone 2	Zone 3
86 AMC ALLIANCE Sdn 4 Dr L Series	3319	3353	3255	85 DODGE DIPLOMAT Sln Sdn	3875	3915	3800	86 OLDS 98 Rgcy Sdn	9079	9170	8897
85 AMC ALLIANCE Sdn 4 Dr L Series	2530	2554	2479	86 DODGE LANCER Sdn	5502	5557	5392	85 OLDS 98 Rgcy Sdn	7395	7470	7248
86 AMC ENCORE Sdn 5-Dr S Series	3250	3284	3184	86 DODGE 600 Sdn	5302	5357	5198	86 PLYMOUTH HORIZON Htchbk 4 Dr	3443	3477	3374
85 AMC ENCORE Sdn 5-Dr S Series	2504	2529	2455	85 DODGE 600 Sdn	4032	4072	3950	85 PLYMOUTH HORIZON Htchbk 4 Dr	2727	2753	2671
86 BUICK SKYHAWK Cust Coupe	4787	4833	4692	86 FORD ESCORT Htchbk 4 Dr L Series	3639	3674	3565	86 PLYMOUTH RELIANT Sdn	4277	4318	4192
86 BUICK CENTURY Cust Sdn	4859	4909	4764	85 FORD ESCORT Htchbk 4 Dr L Series	2845	2874	2787	85 PLYMOUTH RELIANT Sdn	3234	3265	3168
86 BUICK CENTURY Cust Sdn	6116	6176	5995	86 FORD MUSTANG LX-4 Cpe	5321	5375	5213	86 PLYMOUTH CARAVELLE SE Sdn	5334	5388	5227
86 BUICK SKYLARK Cust Sdn	4934	4982	4833	85 FORD MUSTANG LX-4 Cpe	4361	4405	4273	86 PLYMOUTH GRAN FURY Salon Sdn	5058	5109	4958
86 BUICK SKYLARK Cust Sdn	6140	6204	6017	86 FORD TAURUS GL Sdn 4 Dr	6997	7066	6857	85 PLYMOUTH GRAN FURY Salon Sdn	4018	4059	3938
86 BUICK SKYLARK Cust Sdn	3747	3785	3672	86 FORD TEMPO GL Sdn 4 Dr	4674	4621	4482	86 PONTIAC T-1000 Sdn	3067	3099	3005
86 BUICK SOMERSET Coupe	6195	6256	6072	85 FORD TEMPO GL Sdn 4 Dr	3524	3560	3454	85 PONTIAC T-1000 Sdn	2476	2501	2429
86 BUICK RIVIERA Coupe	9885	9983	9687	86 FORD LTD Sdn	4655	4709	4570	86 PONTIAC SUNBIRD Sdn	4740	4788	4647
85 BUICK RIVIERA Coupe	8123	8204	7960	85 FORD LTD Sdn	3685	3722	3611	85 PONTIAC SUNBIRD Sdn	3722	3761	3648
86 BUICK LE SABRE Cust Sdn	7612	7687	7458	86 FORD CROWN VIC Sdn	8310	8393	8143	86 PONTIAC 6000 Sdn	5822	5881	5706
85 BUICK LE SABRE Cust Sdn	6103	6164	5980	85 FORD CROWN VIC Sdn	6733	6801	6601	85 PONTIAC 6000 Sdn	4502	4548	4414
86 CADILLAC DE VILLE Cpe	11,566	11,683	11,335	86 FORD THUNDERBIRD Cpe	7131	7199	6987	86 PONTIAC GRAND AM Sdn	6412	6474	6284
85 CADILLAC DE VILLE Cpe	11,717	11,833	11,482	85 FORD THUNDERBIRD Cpe	5840	5900	5776	86 PONTIAC FIREBIRD Cpe	6681	6748	6547
86 CADILLAC SEVILLE Sdn	14,343	14,487	14,057	86 LINCOLN CONTINENTAL Sdn	13,688	13,825	13,414	85 PONTIAC FIREBIRD Cpe	5564	5620	5453
85 CADILLAC SEVILLE Sdn	12,061	12,182	11,821	85 LINCOLN CONTINENTAL Town Car Sdn	12,500	12,625	12,250	86 PONTIAC BONNEVILLE Sdn	6333	6396	6204
86 CHEVY CHEVETTE Htchbk 4 Dr	3037	3067	2978	86 LINCOLN CONTINENTAL Mark VII Cpe	13,385	13,518	13,117	85 PONTIAC BONNEVILLE Sdn	4867	4917	4770
85 CHEVY CHEVETTE Htchbk 4 Dr	2426	2449	2379	85 MERCURY LYNX L Htchbk 4 Dr	3675	3711	3603	86 PONTIAC GRAND PRIX Cpe	6805	6873	6671
86 CHEVY CAMARO Cpe	6600	6666	6467	85 MERCURY LYNX L Htchbk 4 Dr	2892	2921	2834	85 PONTIAC GRAND PRIX Cpe	5636	5692	5521
85 CHEVY CAMARO Cpe	5501	5557	5392	86 MERCURY COUGAR Cpe LS	7933	8013	7773	86 PONTIAC PARISIENNE Sdn	7649	7722	7494
86 CHEVY CAVALIER Sdn	4410	4454	4324	85 MERCURY COUGAR Cpe LS	6465	6530	6337	85 PONTIAC PARISIENNE Sdn	6095	6156	5973
85 CHEVY CAVALIER Sdn	3488	3525	3418	86 MERCURY TOPAZ GS Sdn 4 Dr	4750	4796	4655	86 NISSAN SENTRA Std Sdn 2 Dr	3614	3651	3542
86 CHEVY CELEBRITY Sdn	5595	5650	5481	85 MERCURY TOPAZ GS Sdn 4 Dr	3658	3694	3587	86 NISSAN STANZA GL Ntch 4 Dr	6114	6175	5991
85 CHEVY CELEBRITY Sdn	4315	4359	4229	86 MERCURY MARQUIS Sdn	4752	4799	4658	86 NISSAN MAXIMA SE Sdn	9226	9318	9042
86 CHEVY CAPRICE Sdn	6243	6307	6120	85 MERCURY MARQUIS Sdn	3733	3770	3660	85 NISSAN SENTRA Std Sdn 2 Dr	2819	2848	2765
85 CHEVY CAPRICE Sdn	5788	5848	5675	86 MERCURY GRAND MARQUIS Sdn	8907	8997	8730	85 NISSAN STANZA XE Htchbk 4 Dr	4310	4352	4224
86 CHRYSLER LE BARON Cpe	5587	5641	5474	85 MERCURY GRAND MARQUIS Sdn	7244	7318	7102	85 NISSAN MAXIMA SE Sdn	7457	7533	7307
85 CHRYSLER LE BARON Cpe	5642	5699	5529	86 OLDS FIRENZA Sdn	4859	4909	4764	86 TOYOTA COROLLA Sdn 4 Dr Dlx	5254	5307	5148
85 CHRYSLER LE BARON Cpe	4474	4519	4385	85 OLDS FIRENZA Sdn	3844	3883	3769	86 TOYOTA CAMRY Sdn 4 Dr Dlx	7068	7139	6926
86 CHRYSLER FIFTH AVENUE Sdn	8668	8757	8496	86 OLDS CIERA L Coupe	6062	6120	5940	86 TOYOTA CRESSIDA Lux Sdn	10,581	10,686	10,369
85 CHRYSLER FIFTH AVENUE Sdn	7061	7131	6918	85 OLDS CIERA LS Cpe	6136	6197	6015	85 TOYOTA COROLLA Sdn 4 Dr Dlx	4383	4426	4294
86 DODGE OMNI Htchbk 4 Dr	3445	3479	3376	86 OLDS CIERA LS Sdn	4866	4917	4770	85 TOYOTA CAMRY Dlx Sdn 4 Dr	5747	5804	5632
85 DODGE OMNI Htchbk 4 Dr	2731	2756	2674	86 OLDS CALAIS Sdn	6163	6233	6040	85 TOYOTA CRESSIDA Sdn	8205	8286	8040
86 DODGE ARIES Sdn	4294	4337	4211	85 OLDS CUTLASS SUPREME Cpe	6799	6868	6667	86 VOLKSWAGEN JETTA Sdn 4 Dr	6408	6473	6282
85 DODGE ARIES Sdn	3233	3264	3167	86 OLDS CUTLASS SUPREME Sdn	6627	6695	6492	85 VOLKSWAGEN JETTA Sdn 4 Dr	5289	5343	5184
86 DODGE DIPLOMAT Sdn	5031	5081	4930								

LENDAR

OCTOBER

6-9—50th National Auto Auction Association Convention, Atlanta Marriott Marquis, Atlanta, GA. Information: (402) 464-2170.

16-20—76th National Safety Council Congress & Exposition, Orange County Convention/Civic Center, Orlando, FL. Information: (312) 527-4800.

17-18—Springfield Resources Maintenance Institute seminar on fleet maintenance, Milwaukee, WI. Also to be held in seven other cities in October and November, 1988. Information: Joel Levitt, (215) 924-0270.

23-26—Payless Car Rental Convention, Grenelefe Resort, Orlando, FL. Information: (800) 237-2804.

27-30—Fourth Annual Conference and Exposition of the National Association of Fleet Resale Dealers, St. Anthony Intercontinental Hotel, San Antonio, TX. Information: (213) 923-1276.

NOVEMBER

3-6—Freedom Rent-A-Car Convention, Sheraton Bal Harbour, Miami. Information: (800) 333-0562.

3-6—Legislative Issues Segment, National Vehicle Leasing Association, Lafayette Hotel, Boston, MA. Information: (213) 838-3170.

AD INDEX

AC Spark Plug	8	Leasing Assoc./Allstate	143
American Automotive Leasing Assoc.	130	Lincoln/Mercury	100, 101
American Isuzu Motors	91	Longo Toyota	12
Ted Arendale Ford, Inc.	116	Lupient Enterprises	117
ARI	61	Magarity Chevrolet	154
The Associates Leasing	22, 23	Manheim Auctions	119
Beaudry Ford	133	Mazda	19
Biggers Chevrolet	169	McCullough Leasing	92, 93
Ken Brown Leasing	138	Mitsubishi	115
Browning Automotive Group	14	Nalley Fleet	118
Walker Buerge Motor Car Company	16	National Auto Research	127
Business Driver	99	National Coach Corp.	129
Ed Butts Ford	152	Newport Nissan	150
California Fleet Specialists	111	New York Area Dealers	159
Car Fleet Control	15	Nissan	27-31
Charlestown Sheraton	154	Nissan Diesel America, Inc.	149
Chevrolet	IFC, 1	Northern California Dealers	123
Chrysler Motors Corp.	53, 55, 57, 109	Oldsmobile	106, 107
Conley Buick	160	PH & H	4, 5
Conlon-Collins	58	Pacifico	13
Consolidated Services Corp.	17	Patrick Fleet Sales Group	165
Crown Fleet Services	136	Phillips 66	18
Dodge City of Des Plaines	118	Al Piemonte Ford, Inc.	166, 167
Delco Electronics	20	Pontiac	BC
Delco Products	3	Rent-a-Dent	161
Donlen	67	Roto Lincoln/Mercury	158
Elmhurst C-P	89	Rocky Mountain Dealers	121
Faul Fleet Group	157	Sam White Fleet Sales	135
Florida Sunshine Boys	140	Snappy Car Rental	68
Ford Car	6, 7	Southern California Dealers	131
Ford Parts & Service	24	Sovran Leasing Corp.	137
GEC Fleet Services	37	Stillman Fleet Group	155
GMC Trucks	144, 145	Subaru of America	38, 50
Greater Los Angeles Dealers	151	Thorson Buick	160
Heritage Cadillac	156	Toyota Fleet	172, 1BC
Isuzu Truck of America	153	Transmission Physician	155
Jiffy Lube International, Inc.	35	Universal Ford	161
Johnny's C-P	156	Volkswagen	63
K-Mart	104	Wheels, Inc.	33
Kansas Coach	116	Wheelways/Maguire Insurance	95
Knaack Mfg. Co.	147	Wilkie Enterprises	125
Lease Plan USA	65	Yugo of America	103
Leaseway P.R.	113		

GAS PRICES

UNLEADED

City	Cost Per Gallon Unleaded	
	Full-Serve	Self-Serve
Montgomery, AL	126.4c	96.6c
Little Rock, AR	129.0	93.4
San Jose, CA	132.9	98.4
Denver, CO	133.0	101.7
Hartford, CT	121.9	113.9
Washington, DC	141.4	103.4
Dover, DE	111.4	89.9
Tampa, FL	128.6	95.4
Atlanta, GA	127.7	89.7
Honolulu, HI	168.7	130.6
Springfield, IL	136.9	96.6
Royal Oak, MI	140.9	100.4
Reno, NV	142.2	113.7
San Antonio, TX	116.4	89.9
Seattle, WA	122.9	91.9

Survey conducted during the first five working days of September 1988.
Supplied by Runzheimer International, Runzheimer Park, Rochester, WI.